

Policy Advisory Committee Meeting

California Water Plan Update 2018

Wednesday, August 23, 2017

Health Services East End Complex Training Rooms A, B, and C

1500 Capitol Ave, Sacramento, CA 95814

9:00 a.m. Registration, 9:30 a.m. to 4:00 p.m. Session

For on-line option see: <https://www.surveymonkey.com/r/Aug23RSVP>

Meeting Objectives

- Status of Water Plan Update 2018 content development & stakeholder outreach
- Receive AC guidance on Update 2018 draft chapters
- Introduce watershed pilot projects informing Update 2018
- Discuss ways to advance regional engagement
- Preparing for September 27 Annual Water Plan Plenary

AGENDA

#	TIME	CONTENT	PRESENTERS
1.	9:00	Registration & Check-in	Team
2.	9:30	Welcome, Introductions, and Opening Remarks	Kamyar Guivetchi , Division Manager, Department of Water Resources (DWR) Lisa Beutler , Stantec (Facilitator)
3.	9:50	Envisioning Water Resources Sustainability <ul style="list-style-type: none">• Context and Narrative• DRAFT Chapter 1 Content <i>Discussion</i>	Paul Massera , Water Plan Program Manager, DWR All
4.	10:35	Sustainability Outlook <ul style="list-style-type: none">• Takeaways – June 28 CWEMF Workshop & July 25 Workshop• DRAFT Chapter 2 Content <i>Discussion</i>	Tom Filler , Chapter 2 lead, DWR All
5.	11:00	Watershed Sustainability Pilot Projects <ul style="list-style-type: none">• Russian River Watershed• Santa Ana River Watershed Q&A	Panel (invited presenters) California Forward Pacific Institute Sonoma County Water Agency Santa Ana Watershed Project Authority All

If you need an accommodation to attend this meeting, please contact DWR at 916-653-7101 or cwpc@water.ca.gov. Requests should be made as soon as possible but at least 2 business days prior to the scheduled meeting.

Water Plan Update 2018 – Relevant Today and Tomorrow

- **Sustainability** — California's water resources must be managed for a variety of societal values, and in a manner that does not jeopardize future generation's ability to survive and thrive.
- **Infrastructure** — There is a renewed focus on investment in rehabilitation and modernization of aging and deficient water- and flood related infrastructure.
- **Governance and Alignment** — Alignment of governance at the appropriate scale is critical for achieving sustainable water resources management.
- **Regulatory** — Regulations should be tied to watershed management efforts, including planning and investment, to enhance ecosystem function and viability.
- **Capacity Building** — There is a need for greater leadership and assistance to enhance capacity for water resources management at a regional scale, such as the river basin or the groundwater basin.
- **Funding** — New and innovative funding sources must be developed for capital projects, but also for ongoing funding needs, such as planning, operations and maintenance of the existing system, and support for regional water management.





CWP Update 2018 Overview

Chapter 1	Chapter 2	Chapter 3	Chapter 4	Chapter 5
Envisioning Sustainable Water Resources Management	Sustainability Outlook	Actions to Support Long-Term Sustainability	Investing in Water Sustainability	Implementation and Funding Plan
<ul style="list-style-type: none"> Establishes a sustainability vision and develops shared intent around sustainable water resources management. Defines sustainability around four societal values: “Sustainability is an ongoing, resilient, and dynamic balance among societal values: public health and safety, healthy economy, ecosystem vitality, and opportunities for enriching experiences.” Describes water management activities that support societal values through defined intended outcomes. Describes DWR & State Government’s role and commitment. 	<ul style="list-style-type: none"> Summarizes water resources management assessments with an emphasis on sustainability. Evaluates water management effectiveness and identifies gaps and needed work. Uses specific indicators. Discusses methods for tracking and reporting progress. As part of assessment, describes challenges and potential disrupters for sustainably managing water in California. 	<ul style="list-style-type: none"> Focuses on statewide behaviors and enabling conditions that supports sustainable management & and realizes resource and societal benefits. Recommends long-term strategies and short-term actions to address urgent gaps and needs. Enables necessary enabling conditions and behaviors that set the foundation for sustainable water resources management. Recommended actions will include an estimate of the cost and time to implement (which will inform the Implementation Plan) 	<ul style="list-style-type: none"> Assesses, identifies, and recommend State funding/ revenue sources for water management activities identified in Chapter 3. 	<ul style="list-style-type: none"> Presents a recommended schedule of implementation, based on identified actions (Chapter 3) costs and time needed to implement identified funding mechanisms (Chapter 4). Includes progress-tracking methods and identify potential roles and responsibilities for successful implementation.



California Water Plan Update 2018 Chapter Review Guide For August 23, 2017 Draft

The August 23 Concept Draft is a staff working product of *California Water Plan Update 2018* (Update 2018). Provided as an early (unedited) version, chapter authors seek additional input from Policy Advisory Committee members before moving forward with an administrative draft for internal review or a public review draft. Given the emergent nature of the text, reviewers are asked to:

Focus on:

1. Any Red Flags
2. Flow of Information and logic
3. Factual accuracy
4. Emphasis and tone

NOT focus on:

1. Grammar
2. Punctuation
3. Spelling
4. Capitalization
5. Stylistic consistency

Recommended Review Sequence:

1. Read each 1-pager and associated questions
2. Review chapter
3. Provide comments

How to Comment

Provide comments during the August 23 session or in writing to: cwpcom@water.ca.gov by September 15, 2017.

Chapter 1 (*Envisioning California Water Sustainability*): This chapter underscores the importance planning for sustainably and seeks to inspire readers to act.

This chapter will:

- a. Provide an inspirational vision of greater future sustainability
- b. Introduce a more effective way to organize thinking around water management

Refer to Page #: 1-1

DISCUSSION:

What would you add or change to help underscore the importance of planning for sustainability?

What would you add or change to help define sustainability in a way that speaks to the decision makers?

Chapter 2 (*Sustainability Outlook*):

This chapter is intended to promote shared understanding of opportunities, resource limitations, and management deficiencies, and identify policy priorities. It needs to make the case for more consistent and comprehensive policy conversations across California's diverse regions and watersheds. It must also serve as the backdrop, rationale, and urgency behind *Recommended Actions to Support Long-term Sustainability* (Chapter 3).

This chapter will:

- a. Promote a framework for describing and evaluating water sustainability in a consistent and repeatable manner
- b. Demonstrate application of method at a watershed scale
- c. Identify current planning, policy, and physical conditions
- d. Describe current and emerging key challenges to sustainability

Refer to Page #: 2-1

DISCUSSION:

What would you add or change to help clarify the framework and promote the expanded use of the Sustainability Outlook at a regional or watershed scale?

What would you add or change to help identify and describe key challenges to sustainability?

Russian River Watershed Pilot

Moving Toward a Watershed-Based Planning, Regulation, Governance and Finance System

In cooperation with the Department of Water Resources and local stakeholders, California Forward and the Pacific Institute are developing a management framework for the Russian River watershed. This pilot effort is intended to contribute to the CA Water Plan Update 2018. The activities described below will explore, and in some cases pilot, watershed-based planning, regulation, governance, and finance innovations as framed up in various DWR planning initiatives (e.g., CA Water Plan, Statewide Flood Planning, and Building Capacity for Regional Sustainability). The Russian River watershed was selected as the preferred location due to established relationships and a demonstrated willingness to partner and innovate. The activities and timeline are designed to integrate with and contribute to related evaluations and policy development, including the California Economic Summit, Sonoma County Sustainability Planning, the Pacific Institute Multi-Benefit Investment Strategies project and Water Plan Update 2018.

The work is planned in two phases. Phase 1, described below, will synthesize existing policy concepts and strategies and develop a watershed sustainability framework by December 2017. Phase 2, to be developed, will refine and quantify the conceptual framework and seek agreement on an implementation approach (Time frame: Jan. to Sept. 2018).

Pilot River Basin Planning, Governance, and Regulatory Framework – Working from water resource-related plans and with State and federal agency managers and leaders in the Russian River watershed¹, the project will develop a framework to define sustainability outcomes and metrics, align regulatory processes to achieve sustainable outcomes, improve governance and implementation efficiency, and identify funding and finance options and capacity.

1. Sustainability Vision and Measurement

Vision. Identify common attributes/goals for sustainability within the watershed (shared vision). Identify the Federal, Tribal, State, regional, and local agencies and organizations with a core responsibility or interest in watershed management and water-related outcomes in the Russian River watershed. Collect, review, and synthesize the goals and desired outcomes for these agencies and organizations. Prepare a draft framework for a watershed vision and desired outcomes.

Measurement. Identify local sustainability outcomes and State policy outcomes, and associated indicators/metrics, for water quality, water supply, water rights, flood protection, and endangered species in the Russian River. Review watershed outcome performance metrics developed for the watershed, water sustainability indicators developed for the Water Plan², and other relevant Federal,

¹ Sonoma County Water Agency, Sonoma County Ag and Open Space District, SGMA implementers & stakeholders, Russian River Watershed Association, North Coast Resource Partnership, and others TBD.

² California Water Plan Update 2018 has developed a method (Sustainability Outlook) for tracking and reporting on progress toward sustainable management of water resources. For Update 2018, the Sustainability Outlook will be

State, and regional metrics. Apply the Water Plan Sustainability Outlook framework at a regional scale when determining shared vision and performance outcomes for the watershed. Synthesize and align outcome performance metrics and develop a draft watershed performance outcomes framework consistent with the four Water Plan Sustainability Values (public health and safety, healthy economy, ecosystem vitality, and opportunities for enriching experiences).

2. Governance

Convene regional leaders, State managers, and regulators to develop common outcomes and a model governance and regulatory agreement to achieve those outcomes. Convene leaders to review and refine watershed outcomes, performance metrics, sustainability framework, and regulatory alignment framework (October and December).

3. Regulatory Alignment

Identify strategies to increase the effectiveness of regulatory practices and customize the application of regulations at a river/groundwater basin scale and develop a regulatory alignment framework. Research innovation and promising practices for regulatory alignment in water management and other policy issues in California and other states. Identify and document the barriers and friction for multi-benefit and water sustainability projects/programs in the Russian River watershed. Identify and summarize alternate approaches for improving State, Federal, and regional regulatory alignment.

4. Funding and Finance

Develop a pilot framework including application of the Funding Decision Tool³ for a watershed-based business plan for the Russian River watershed and identify funding deficiencies with a particular focus on the use of EIFDs. Consider the Funding Decision Tool developed as part of Chapter 4 of Update 2018 to coordinate with water and land management agencies and state and federal regulatory agencies. Identify opportunities for watershed-scale (river/groundwater basin) funding constructs that can provide stable funding for a broad range of State and regional obligations, commitments, and responsibilities⁴. Identify and list underfunded State and regional obligations, commitments, and responsibilities. Develop conceptual sustainable funding models for regional and State needs.

Based on the outcomes, governance, regulatory alignment, and policy recommendations developed above for the Russian River Basin, identify potential projects and funding sources to accelerate implementation. Work with the watershed leaders to identify an array of projects/programs to contribute to watershed sustainability. Develop a matrix of projects/programs, expected benefits and potential funding sources, including tax increment, benefit assessments, water rates, EIFD, other fees, sales tax, and other sources. Develop a conceptual EIFD framework for the Russian River watershed and identify opportunities and limitations.

applied at a statewide scale, but shall be applied at a regional scale beyond Update 2018. A pilot application in the Russian River Watershed will help shape its application in other regions.

³ California Water Plan Update 2018 has developed a Funding Decision Tool that provides decision makers with a method to consider tradeoffs of various funding alternatives for the various projects being considered.

⁴ As defined in Water Plan Update 2013 and other DWR documents.

5. Recommendations

Identify opportunities, barriers, and initial policy recommendations to incent sustainable outcomes. Estimate efficiencies and benefits. Using the results of activities 1 through 4, develop a work plan for Phase 2—the next steps to develop a shared vision, governance, regulatory alignment, and funding structure for the Russian River watershed—and initial policy recommendations.

Work Products:

- Sustainability Outlook Pilot for Russian River Watershed White Paper
- Governance and Regulatory Alignment White Paper
- Conceptual Sustainability Funding Model and EIFD Framework Recommendations White Paper
- Landscape Assessment and Analysis of Methodologies for Measuring and Valuing Multi-Benefit Water Projects

Chapter 3 (*Recommended Actions to Support Long-term Sustainability*):

This chapter describes specific, short-term recommendations for State government to better manage water resources for sustainability. As part of implementation planning, recommended actions will include an estimate of cost and time to implement, as well as discussion of how action supports sustainability.

This chapter should set forward useful recommendations that advance the overall goals of the Update for both the near and long term.

Refer to Page #: 3-1

DISCUSSION:

Are there any red flags, clarifications, or other suggested improvements to recommendations?

What would you add or change to make the recommendations more translatable into new policy (i.e., more implementable)?

Chapter 4 (*Investing in Water Resources Sustainability*):

This chapter provides the context, logic, and rationale for the funding recommendations (Chapters 2 & 5) by assessing potential funding/revenue sources and describing factors that influence investment.

Refer to Page #: 4-1

DISCUSSION:

1. Many stakeholders suggest that State general fund and GO Bonds should be used to pay for general public benefits.

Given the reality of: (1) constraints, variability, and hardcoding* in the State general fund, and (3) limitations on future borrowing:

What options do you suggest for more stable State funding mechanisms to pay for general public benefits?

**Mandated spending, court orders, contractual requirements, etc.*

2. What additional information can the Water Plan provide to effectively inform the future use of:
 - (1) Existing Funding Mechanisms?
 - (2) Novel Funding Mechanisms?

Chapter 5 (*Implementation and Funding Plan*):

This chapter is intended to provide decision-makers and implementers with:

- (1) A comprehensive and practical plan that includes actions, costs, schedule, roles and responsibilities for implementation
- (2) An annual progress report and accompanying policy recommendation update

Refer to Page #: 5-1

DISCUSSION:

What would you add or change to help achieve the purpose of this chapter?